

# **EUROPEAN PARLIAMENT**

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DEVELOPMENT OF EUROPEAN INTEGRATION



## I. GENERAL PROBLEMS

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### 1. Bonn's reactions to the EEC crisis

At first the German Government was loth to comment on the failure of the EEC Council to reach agreement on the EEC Commission proposals for financing the common agricultural policy.

At the German Crafts Congress in Bonn, Chancellor Erhard counselled calm and collectedness. Government circles were satisfied that the fault did not lie with Germany. Although the German delegation was not allowed full latitude at the Brussels negotiations, in accordance with the special wishes of the Free Democrats, there proved to be no need to ask for a broader mandate or to refer back to Bonn for further instructions. In fact the talks foundered on the Italian refusal to discuss the financial machinery of the Agricultural Fund except on a year-to-year basis. It was pointed out in Bonn that the Franco-German understanding, worked out prior to the talks, was operative on the Council of Ministers. The Bonn view was that when the negotiations broke down, over a third of the issues had already been dealt with, so that with calm and patience and with the help of the Permanent Representatives a compromise could have been reached on the points outstanding. The only criticism of France's attitude, was that she had not kept the undertaking she gave at the preliminary discussions, namely that the French Government would not insist on the 30 June dead-line but would, if need be, continue the talks after that date. Since France's representative was in the chair on the Council, it would have been quite easy to carry forward the time-limit for the talks.

Concern was expressed in Bonn at the news that France would take no further part in the agricultural discussions for the time being. Mr. Schmücker, Economics Minister, had suggested, when the talks broke down, that a further meeting be called for mid-July.

The Brussels crisis and its implications were discussed on 1 July 1965 at a coalition meeting under the chairmanship of Chancellor Erhard; special attention was given to the reports of the Brussels negotiators. The original purpose of the Coalition discussion was to define the negotiating mandate for the German delegation; the FDP was particularly insistent that German agreement on financing the agricultural fund depended upon market organizations being discussed (especially for milk and sugar). After the meeting, the Chairman of the FDP Group, Mr. Kühlmann-Stumm, stated that he deeply regretted the Brussels breakdown; this was due, in his opinion, to the isolation that France had brought upon itself.

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When it was announced that the French Council of Ministers intended to draw the legal, economic and political inferences from the collapse of the agricultural talks in Brussels, Secretary of State, Mr. von Hase, stated: "There is still a hope that the obviously great disappointment in Paris will be followed by reflection and that the situation will sort itself out. The Foreign Affairs Committee of the Bundestag approved the line taken by the German Government at the Brussels talks and it was again urged that the powers of the European Parliament had to be reinforced as the EEC developed." In this connexion, Mr. von Hase quoted Mr. Couve de Murville, the French Foreign Minister, who said that the collapse of the talks "was not a drama but a crisis". He added that the position of the German Government would be unchanged in future negotiations. Mr. von Hase denied reports that new German/Dutch proposals for overcoming the crisis were to be expected. The German Government awaited the proposals of the EEC Commission.

At the 11th Congress of the Social Committees of the Christian Democrat Employees' Organization (10-11 July 1965), Dr. Schroeder, the Foreign Minister, said that the German Government supported the EEC Commission proposals and that the six countries had, despite many difficulties, made great progress towards a common market. There were lengthy talks in Bonn with Mr. Saragat, the Italian Head of State, and Mr. Fanfani, the Italian Foreign Minister, about the Brussels crisis and further bilateral talks were to be held.

At a press conference held after the collapse of the Brussels talks, Dr. Hallstein, President of the EEC Commission, stated that it was now better for the Council of Ministers to bide its time and stay together. It was not true to say that it would not have been possible for the Council to reach agreement. In fact, a solution was within reach half-way through the negotiations and all the Member States had contributed to that solution. The lack of success was due to the fact that the time factor had been underestimated.

After the two-hour talks in Brussels between Federal Chancellor Erhard and Professor Hallstein, President of the EEC Commission, no communiqué was published. When the talks on financing the agricultural regulation broke down, the German Government was first informed of the Commission standpoint by Mr. von der Groeben, a member of the EEC Commission. The focal point of the Bonn discussions was the situation following the French withdrawal from the Council of Ministers and other bodies in Brussels. After discussions with Dr. Hallstein, the German Government held fast by its first statement that it would leave it to the initiative of



the EEC Commission to make fresh proposals. This was regarded in Bonn not only as the most appropriate but also as the most political solution. (Frankfurter Allgemeine Zeitung; 2, 3, 9, 12 and 16 July 1965)

2. Mr. Luns and the European crisis

In an interview with the West German weekly "Der Spiegel", Mr. Luns made the following comments on the current crisis in the European Economic Community and the position of the Dutch Government with regard to European co-operation in general:

"Der Spiegel": Do you think General de Gaulle will take advantage of the opportunity to impugn the very spirit of the Treaty which we have just discussed? Do you think his ultimate aim is to prevent majority decisions being taken after 1 January 1966? The majority rule is obviously a most unwelcome prospect for him.

Mr. Luns: I think - indeed, I know - that the idea of a majority rule is rather unpopular with the French. Furthermore, the French Government is keeping aloof from the EEC Commission and from the supranational concepts of certain Member countries. All this is well-known. However, I personally do not think that the French Government is attacking the spirit of the Treaty or the Institutions. The French have a sense of political reality; they are very clever, very intelligent. I particularly appreciate the lucid and analytical mind of my French colleague and friend, Mr. Couve de Murville....

"Der Spiegel": We were also appreciative of these traits when Mr. Couve de Murville was ambassador to Bonn.

Mr. Luns: ... his analytical mind, his realism and dry humour. This is why I doubt that we shall reach such extremes. The French know that the result would be a very serious crisis with the Federal Republic of Germany, Italy and the Netherlands, and even with Belgium and Luxembourg.

"Der Spiegel": The fact remains that we should know - hence our question - whether we have now come to a point where one can no longer ignore the basic question of determining to what extent the idea of a Europe of States is compatible with the Community spirit.

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Mr. Luns: If you are asking me whether this crucial point has already been reached, then I would say that we are very near, but I can still see no possibility, through a reasonable compromise between the Six, of renewed co-operation that would prevent a further crisis.

"Der Spiegel": What do you mean by "reasonable compromise"?

Mr. Luns: Here I must be very careful, not only because caution is necessary for political reasons, but also because the Netherlands are convinced that we must not take the place of the EEC Commission. It is for the latter to put forward new ideas and proposals.

"Der Spiegel": What we should like to know is whether, because of the General or because of circumstances, we have come to the point where the problem can no longer be avoided.

Mr. Luns: There is nothing to say that we shall come to that point - unless the General sticks to his political concepts of Europe, the Commission and the function of the EEC.

"Der Spiegel": What would happen, in your opinion, if he did? Would the merger of the Communities become impossible?

Mr. Luns: In that case the merger would presumably become, as you say, impossible.

"Der Spiegel": Do you think it would be possible for the economic organization to continue to operate and for economic integration only to go on, let us say "at a slow pace", while political integration would be put off to a later date, i.e. until such time as the General retired from political life?

Mr. Luns: This is quite possible. We, the Dutch, have always believed - and I think we are not the only ones - that economic integration should necessarily lead to political integration. The Marxists think so too, and to them it is a principle. But we have realized that the actual course of events has taken a different turn. General de Gaulle has never aimed at political integration. Admittedly he envisages close political co-operation, centralized but not integrated; he would like this co-operation to be based on nations and States, but not on supranationality.

"Der Spiegel": This is true. One could, it would appear, speak of the ambiguity of the General's policy. He has clearly attempted to apply a brake, through his concept of political co-operation based on the States, to the development of the Communities towards an integrated Europe.

Mr. Luns: This could be said.

"Der Spiegel": It now remains to be seen whether all the other partners will be capable of upholding the principle of integration over General de Gaulle's particular concept of closer political co-operation.

Mr. Luns: We are not against some co-operation, but we do not want a small and inward-looking European political bloc, based on the idea of States. We refuse to contribute to the setting up of such a bloc. As I said earlier on, we must always consider the possibility of further steps towards integration. We have never ceased to affirm this, even at the time when Great Britain applied for membership of the EEC. But in so far as this political community should remain outward-looking - and while I referred to Great Britain, I was also thinking of other countries - we are fully prepared to go much further than has been done up till now.

"Der Spiegel": The problem is thus as follows: on the one hand de Gaulle wants to prevent integration, on the other his policy is aiming at the creation of some kind of closed continental European bloc, designed to be a bar to those who - like you and like the Federal Chancellor - consider that Europe should not be a third force but should remain capable of very close co-operation within the framework, for instance, of Atlantic alliance.

Mr. Luns: We are also against the idea of a third force because we believe that even such large and powerful countries as France, the Federal Republic and Great Britain could not form a bloc that would be comparable to the United States or the Soviet Union. This could perhaps be done if the whole of Europe were integrated, if its economic development reached an exceptionally high level and if it spent much more on its defence than it is doing at present. But this would be contrary to the concepts of France, which intends to found everything on the States and refuses any weakening of its sovereignty... (Der Spiegel, No. 2, 4 August 1965)

3. Statement by Mr. Pompidou on the Brussels crisis

In a televised talk given on 27 July, the French Prime Minister dealt in particular with the Agricultural Common Market. After having briefly recalled the object of the agricultural negotiations in Brussels, he stated: "All we could do was to note the breakdown. As for the future, we shall just wait and see: there is a solution to everything and we shall soon know what can be done. The fact remains, however, that if there is to be a Common Market then there must be an Agricultural Common Market and a fair financial regulation. We shall definitely not agree to the whole of the French economy being controlled from outside and the Government being unable to discharge its duties toward the French people. Common sense warns us and experience shows that we cannot leave it to a politically unqualified commission to determine the French standard of living as well as the future of our agriculture and industry. We do not intend of course to prevent the construction of Europe; indeed, I believe that France has been urging it forward more than any other country, but Europe can only be built by the resolute co-operation of the countries which make it up. This is our position and we shall keep to it." (Le Monde, 29 July 1965)

4. The European crisis and "The Times"

Under the title "France's moment of truth: too late for bluff now in EEC", the European economic correspondent of The Times commented as follows:

".... For the other member states, above all for the spirit of collective co-operation in Europe, the refusal to give in at the meeting must be accounted a victory. Up to now it has always gone the other way: French diplomacy backed by the brilliance of French officials has carried all before it. The outstanding instance was, of course, the veto of the British negotiations for entry to the Common Market.

The French record has been one of more or less continuous success, granted that the treaty of Rome in the first place is very much in France's favour. But the other five, too often for their own good, have gone more than halfway to secure agreement and failed to assert their own strength.

This was not healthy for Europe. And it has now changed. The five were not united on this occasion; but the majority opposition held firm. One should not expect a new balance of power to suddenly assert itself; indeed, outwardly, things may remain much the same. But even if the present argument were settled, so that, after all, France achieved all that she was asking, the inner catalyst has occurred. The five have learnt that they can stand up for themselves and that France is not, as it so often seemed, unshakable in that curious realm of technocracy and politics which constitutes Common Market diplomacy."

".... One reason is paramount in explaining why France has suffered what appears to be a setback, however vocally her rights may be defended by her spokesmen. It is that the threat of breaking up or stalling the Common Market no longer holds good. This fear that General de Gaulle might pull the house down, has been the most powerful single factor making for agreement.

It reinforced with the glint of danger the genuine feelings towards integration. It brought results up until the famous meeting at the end of last year, when common prices for cereals were agreed. It was then that it became evident that the Common Market was indeed established. There is no turning back.

True, the Community could conceivably be wrecked even now, but this bluff cannot be run again. It would have to be acted out. And this is hardly a course to commend itself on the eve of an election in France, when both industry and farmers see ahead of them the benefits of European integration.

In other words, the Common Market has enmeshed its members, just as the founding fathers have always believed it would. The progress of integration, once it gets properly under way, carries its own momentum. Cutting tariffs implies the need for removing other trade restrictions; this in turn means that movement of capital and freedom of employment must be ensured; hence the need to develop complementary social and economic policies until, finally, as is happening now, political co-operation becomes a matter of urgency. France, whether she likes it or not, is inextricably involved in this process, and of course Frenchmen have made outstanding contributions towards its fulfilment. She cannot opt out without doing herself more harm than good.

France seems now faced with an awkward dilemma. General de Gaulle, under the pretext that a commitment to settle agricultural policy has been broken, could play up the disagreement and threa-

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ten the Community's future. The danger of this kind of escalation is knowing when to stop: for the sound and the fury may no longer completely convince France's partners.

Alternatively, the French could play down last night's failure, and accept the view of the majority that it is not so serious after all, and that time will find a way. But either solution risks losing face." (The Times, 2.7.1965)

In the editorial column of the same issue, The Times wrote:

"The crisis ..... must be seen for what it is: yet another upheaval in the continuous effort to create a new political entity in the heart of Europe. As virtually every issue from now on will involve some loss of sovereignty (reaching a climax when majority voting is introduced in 1966), the crises are bound to get bigger and noisier. Each crisis may be the last, leading to the breakup of the whole experiment. Yet on past experience, each squabble seems to enmesh each country more closely with its partners. At some stage the Six will reach a point where it will seem impossible to go back. As our European economic correspondent writes from Brussels, this point may now have been reached. Only France can give us the answer.

Britain is vitally interested in the outcome. A slowing down in the process of integration or stagnation in Brussels would place a restraining hand not only on European economic and political developments, but on wider questions, such as the Kennedy tariff negotiations, on which hopes for freer world trade still depend. Yet if this crisis is overcome, like all the others, it will become all the harder for Britain to expect special treatment whenever the time comes for negotiations to be resumed. It is this tough, hardening process that Britain is missing at a crucial time. The soothing (and encouraging) words of the Foreign Secretary in Luxembourg about the need for a unified Europe and about the necessity for bridge-building can be no substitute for the hard political battles that the integration process plainly implies. Unity will not come without strife."

In the leader of 7 July, The Times assesses the consequences of a continued blocking of the Community. The Common Market, according to the paper, cannot be put in cold storage. Stagnation meant decline or a change into something else:

"Superficially this prospect has many attractions for Britain. It is already obvious that economically and geographically the Six form a small, awkward, and illogical unit. Political consider-

ations prevent its growing to include the neutral countries of western Europe and the whole of eastern Europe. From this point of view it looks like an ephemeral product of the cold war. Therefore, so the argument runs, cut out its political content and work for a giant free-trade area in which Britain, Scandinavia, Switzerland, Austria, and eventually, perhaps, some countries of eastern Europe could take their natural places. The political dividends would be great.

There is much to commend this argument, but it ignores many difficulties. It ignores the damage that could be done by a long period of uncertainty. So long as it lasted neither Britain nor any other country could come to any arrangements with the Six. The Kennedy round and the proposed bridge-building negotiations with EFTA would be bound to suffer. Great hopes have been built on both, and both hold out the prospects of freer trade on which Britain depends. The uncertainty could also increase the dangers of a world recession. Over a longer period, without the Common Market as an ideal and a driving force, there might well be insufficient impetus to get anywhere very far.

In the short run neither Britain nor anyone else has anything to gain from a breakdown. In the long run the prospect is not so dismaying, for new perspectives might open up, but the balance of advantage still lies in the other direction. The health of the Common Market is to a large extent the health of Europe, and until it has sorted out its own difficulties it is unlikely to evolve proper relations with Britain or any other of its neighbours."

In conclusion, The Times published an open letter to its Editor under the title "The unity of Europe, where Britain's future lies":

"Sir, - As one who took some part in launching the campaign for European unity in the years after the war, both here and on the Continent, and as the first chairman of the European Movement, I feel I cannot remain silent at this critical juncture in Europe's history.

The European Economic Community is facing a grave crisis, which if not resolved could endanger its very existence.

It would not be appropriate for us here to comment upon the issues in dispute. It is for the Six to settle their differences among themselves. But Britain is an integral part of Europe and is therefore vitally affected. We have, in consequence, a right and a duty to state our own position.

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Let us first make it clear that, though we are at present excluded from the Common Market, we wish it well and are deeply concerned about any threat to its onward progress. Let us, at this moment of crisis reaffirm our faith in the concept of a United Europe and reassure our continental friends that current disagreements and disappointments have not in any way shaken our conviction that Britain's future lies in partnership with them.

Let us, moreover, explain plainly what we mean by that. Let us stop talking vaguely about building bridges between EFTA and the EEC. Instead let us show that we recognize that the European Economic Community is, in practice, the only possible foundation upon which the unity of Europe can be built. Let us accordingly announce, without too many "ifs" and "buts", that, when the way is open, we shall be ready to accede to the Treaty of Rome, in the confidence that we shall be able to safeguard our legitimate interests better from within than we can from outside.

Finally, let us dispel any doubts there may be about our ultimate intentions, by declaring our will to work not only for economic integration but also for the progressive political union of Europe.

I believe that this positive attitude towards Europe is now shared by the great majority of thinking people in all parties in Britain. But it is not enough to think these things. We must proclaim them loudly and without equivocation. Now, in the hour of Europe's trial, is the time for Britain to speak.

Yours faithfully,

DUNCAN SANDERS.

House of Commons, July 16."

(The Times, 17.7.1965)

### 5. Dutch Socialist opinion on the EEC crisis

The Labour Party Executive has passed a resolution on the ending put by the French Government to the Council's discussions; it calls on the other EEC socialist parties to bring their influence to bear on their respective governments in the same way as in preceding months.



The resolution reads as follows:

"The Party Executive was seriously concerned at the abrupt ending put to the EEC talks by the French Government, followed by the French announcement that they would boycott subsequent meetings of the EEC Council. The agricultural problem is not the only point at issue. Now that the completion of the Common Market is in sight, to accept without demur the French refusal to come to a decision on widening the powers of the European Parliament would in fact mean accepting weakened democracy in Europe and indeed in our own country. To accept the French viewpoint on European co-operation would mean condemning the European Commission to a state of impotence and casting aside the idea of any genuine European integration.

The EEC is thus faced with its most serious crisis yet. The dangers threatening it can only be averted if the Governments of the other EEC States are of one mind in rejecting the gaullist theories and if the European Commission holds fast to the ground-planks and aims of its proposals." (Nieuwe Rotterdamse Courant, 17 July 1965)

6. The Council of European Local Authorities calls for a resumption of negotiations on agriculture

The Council of European Local Authorities has sent the following "appeal" to mayors, municipal councillors and general councillors: "We must speak plainly - the existence of the Common Market is threatened. Who is responsible for this crisis?

France's five partners, by hesitating and often concealing their real aims, have undoubtedly made some mistakes; as for the French Government, which could have resorted to the Court of Justice or to the arbitration procedure provided for in the Rome Treaty, it preferred to block the institutions of the Common Market.

If this crisis were to go on, it would have disastrous consequences for all. It would inevitably arrest economic expansion, restore customs barriers, worsen the farmer's lot, upset production programmes, lead to recession and unemployment and, finally, to a marked lowering in the standard of living of the whole population.

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The crisis would thus seriously affect the life of all local and regional communities.

In political terms, this would mean the end of the great hope to achieve a united Europe, awakened some fifteen years ago by the historical initiative of Robert Schuman.

We would again witness the upsurge of European nationalism, which has led to two world wars in less than a quarter of a century. The countries that emerged from these conflicts have been so weakened that far from being in a position to assert their independence, they have in fact lost any real influence in world politics.

Only the union of the peoples of Europe which is today so seriously jeopardized, could again enable them to play their part and protect their safety and welfare.

We are still in time to prevent an irretrievable mistake. Negotiations must be resumed as soon as possible on the basis of the proposals made by the European Commission. Any Government that would refuse to do this would bear the grave responsibility for the consequences.

Abiding by the spirit and the will of the States General of European Local Authorities, we urge the representatives of regional and local authorities to warn the populations for which they are responsible and to appeal to public opinion in our countries in order to safeguard the chance of achieving a united Europe which is the only true guarantee of peace, freedom, independence and prosperity." (Le Monde, 6 August 1965)

### 7. The French Communist Party and the Common Market

In a press release on the Common Market crisis, the Political Bureau of the French Communist Party stated in particular: "The Common Market has added to the divergence of opinions in the six countries concerned. Competition has therefore increased for the benefit of the strongest and best equipped monopolies, chiefly those of the Federal Republic of Germany, whose political and, above all, atomic claims have grown stronger.

However, deeper involvement in political integration is now being advocated; this implies the relinquishment of national independence on behalf of supranational bodies that are beyond the control of the people. It would mean surrendering our country to the hegemony of large European monopolies, German military and "revanchiste" factions and American imperialists.

The Political Bureau of the French Communist Party recalls that the true solution, that would safeguard both the interest of our country and its independence, lies in the unhampered development of trade and economic co-operation between France and all countries, regardless of their régime, and in particular between all capitalist and socialist countries of Europe. It should be stressed, moreover, that while trade between France and her Common Market partners has increased during the past few years, it still only represents about one third of France's total foreign trade. This proves, if anything, that there is no reason at all for our country to agree to being enclosed within the narrow bounds of the Common Market." (Le Monde, 31 July 1965)

8. Mr. Willy Brandt advocates the creation of a European secretariat

At the invitation of the Italian Social Democrats, Mr. Willy Brandt, Chairman of the SPD and Mayor of West Berlin, spoke at the Capitol in Rome on "Democratic socialism and Europe".

He called for a new approach in Europe and advocated a gradualist policy towards unification. He said that the time for political integration was not ripe; this was however no reason for giving up; all the possibilities had to be explored to round off the existing European Community and make it more democratic.

In this connexion Mr. Brandt discussed a proposal to set up a European secretariat as a standing advisory and information body; this proposal was put forward last year by Mr. Saragat, the then Italian Foreign Secretary. It was a question of planning and political co-ordination. The European secretariat would have to have a standing planning committee. This would not be an authority but would comprise experts from each country. They would have to be independent of their Governments i.e. not "under orders".

Mr. Brandt described the duties of the European secretariat as follows:

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It would act as a go-between between Governments, providing information and advice, and Governments could entrust it with the task of examining specific issues and preparing deliberations. It should also be able to put forward proposals and make recommendations. Further requirements for promoting European unification were:

1. A serious examination of the French proposal to co-ordinate scientific and technical research in the six EEC States.
2. Closer economic co-operation between the EEC and EFTA.
3. More effective democratic control over the existing European institutions.
4. The promotion of economic, personal and technical relations between West and East Europe. "The time has come to follow through the political implications of the truism that Europe does not end at the Iron Curtain," he said.

Mr. Brandt was strongly opposed to introducing ideologies into European policy. Over-enthusiastic observers had read Carolingian or Christian Democrat overtones into western co-operation. Of late, on the other hand, it had been asked whether the development of Europe was moving towards Social Democracy. Mr. Brandt said that he was a Social Democrat but that he was opposed to any policy that erred on the side of narrow-mindedness.

On Atlantic relations he said there were spheres in which Europe could take the initiative without waiting for the support of the USA. There were, however, other problems that could only be solved with the co-operation and assistance of the USA. For the security of free Europe for example, the physical presence of American soldiers was very important. Interdependence was no mere wish, it was a fact and a necessity; Mr. Brandt said that this had been brought home to him in his experience as Mayor of West Berlin. (Die Welt, 29.6.1965; Neue Zürcher Zeitung, 30.6.1965)

### 9. Statement by Senator Battaglia, Vice-President of the European Parliament, on the problems of the Community

On 5 August, Senator Edoardo Battaglia, Vice-President of the European Parliament, was interviewed by the "Europa Unita" Agency on the situation and prospects of the European Communities.

Discussing future development in the Communities, Senator Battaglia stated that he was convinced that the EEC Commission, on the one hand, and the Governments concerned on the other, which were all striving hard to build up Europe - albeit through different approaches and with different aims - would eventually find a common ground for preventing any serious impairment of economic integration.

Replying to a question on the need to foster the revival of the European ideal through the European Parliament, Senator Battaglia stressed the necessity for wider dissemination of the European ideal and the fact that the European Parliament was endeavouring, through its Monthly Bulletins and other publications, and by financing of study missions, to reach this aim. The European Parliament was convinced that Europe could not become a reality unless "the ideal of a united Europe has penetrated the minds and the hearts of the peoples of the six countries". The Parliament was also convinced that elections by direct universal suffrage would not only enhance the authority of Parliament itself, which would become the direct expression of the people's will, but also provide the possibility for that wider dissemination of information which is necessary to build up the will of the people. "In other words," Senator Battaglia concluded, "elections by direct universal suffrage would be informative as well as formative." ("Europa Unita" Agency, 5 August 1965)

10. Professor Hallstein's statement on the EEC crisis at the CDU/CSU Economic Congress in Düsseldorf

At the CDU Economic Congress (8/9 July 1965), Mr. Schmücker, Minister for Economic Affairs, called upon the German public not to lose heart over the present difficulties in the EEC for the European Economic Community was a political and economic necessity. "At present we can only hope that what Europe has achieved economically is so irreversible as to make it impossible politically to brush these achievements aside - whether this be to the liking of politicians or not." Despite the bitter experiences of recent weeks the EEC had, by 1970, to create a real internal market. Dr. Adenauer, the former Federal Chancellor, described the crisis "as an internal matter for the EEC and its institutions" and he expressed the hope that things would soon return to normal.

Professor Hallstein, President of the EEC Commission, gave a strongly worded warning against any dramatization of the EEC crisis and advocated utmost reserve.

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Professor Hallstein went on to say "the interim regulations on financing the agricultural policy expired on 30 June. With this in mind, the Council of Ministers called upon the Commission - in its resolution of 15th December 1965 - to make proposals:

1. on financing the common agricultural policy for the period 1965-1970. The Commission submitted proposals in good time;
2. on the pooling of agricultural levies and other Community revenues. The Commission also submitted proposals to this effect;
3. These two sets of proposals (on financing the agricultural policy and independent revenues for the Community) complied with the terms of the previous financial regulation by which the Council required the Commission to make proposals for the final stage of the Common Market, in particular as to when and under what conditions that stage should begin. This we have done.
4. Fourthly, we submitted a proposal to enhance the part played by the European Parliament in connexion with budgetary questions. The Council did not explicitly ask us to do this but it did so implicitly. Article 2 of the previous financial regulation lays down that the provisions on the independent revenues of the Community have to be ratified by the Parliaments of the Member States. There are, of course, Parliaments where there are strong currents in favour of making this ratification subject to the rôle of the European Parliament being reinforced. We have to bear these things in mind if we wish to avoid the risk of making proposals that are of academic interest only. I quote from a Council statement of 23 December 1963: "The Council .... emphasized, in its discussions on the operation of the European Guidance and Guarantee Fund, that it attached great importance to the question of strengthening the budgetary powers of the Parliament."

Our proposals in this connexion are, furthermore, very moderate. Particular attention has been paid to the principle that the Council of Ministers and not the Parliament is the budgetary authority. The European Parliament, which furthermore supported our proposals by an overwhelming majority, made demands in a much-quoted resolution that were decidedly further-reaching; individual members and Parliaments subsequently did so too.

It has on occasion been alleged (although not in Germany) that the Commission has complicated the issue through the arbitrary addition of political conditions. This brief outline of the facts should refute these allegations. We added nothing; we simply

answered the questions arising from the texts and we did so in full. The rôle of scapegoat for which we have been cast is one which we must therefore repudiate quite categorically.

The Council of Ministers discussed the Commission proposals for five days. This led to real progress. For example, there was an agreement in principle that the transitional stage of the Common Market should end on 1 July 1967, and there was an agreement on the procedure relating to a whole series of important conditions for the agricultural market; talks on the conditions for the industrial market were well under way. There was an agreement in principle that customs duties should as the Community developed be paid into the Community treasury. Discussions on certain points of detail had begun. On the important question of financing the agricultural policy, a rapprochement had been achieved, which was mainly due to the conciliatory attitude of the French members of the Council. Unfortunately talks had barely begun on the question of the budgetary powers of the Parliament. (See the internal 52 page report of the Commission which devotes only two-and-a-half pages to this part of the Council session.)

In view of this situation the Commission made a determined effort at the last session to further the Council discussion. Obviously, in organizing the discussions, the time factor was under-estimated. It is not a matter to be treated lightly when a timetable laid down in a Community regulation - by which a major decision has to be taken - is not adhered to. Yet there is no lack of precedent here for continuing discussions in such cases. When, for example, the deadline from the first to the second stage of the transition period of our Community occurred on 1 January 1962 - a Treaty deadline - it had proved impossible to reach agreement on certain of the conditions of our French friends; at their suggestion the clock was stopped and fourteen days later agreement was reached. Unfortunately on this occasion the Council was unable to agree on adopting a similar procedure although there was strong support for our suggestion.

In assessing the present situation any attempt to dramatize should be avoided and the greatest restraint exercised about speculations as to the future. Only one statement is possible and I believe that I must make it: no one intends to challenge the idea of the Common Market. To do so would be the greatest act of destruction in the history of Europe, indeed in the free world, since the days of Hitler; nothing, I repeat, nothing gives us the right to countenance such designs.

However, the situation remains serious enough. The enactment of a regulation for the future financing of the common agricultural policy is the bounden, inescapable duty of the Council and

this is a matter of real moment. The failure to adhere to the timetable is most unfortunate, but the damage done is not irreparable. The course of the discussions so far does not preclude the possibility of agreement. On the contrary. Of course, there is never any absolute certainty of success in negotiations between six partners where the disagreement of one can suffice to prevent agreement. The only reasonable question we can ask ourselves is whether there is any real chance of success. The answer to this is "yes", and it is the answer that most of those taking part gave. They not only said they wanted to fulfil the common obligation, but they took appropriate action and, as I said, this attitude has already begun to produce results.

Every effort must therefore be concentrated on the resumption of negotiations. The cure to the crisis must start at the point where negotiations were broken off. The efforts of the Commission are directed towards this end.

For the moment this is all that I can say here in public if I am not myself to jeopardize the success of these efforts." (Frankfurter Allgemeine Zeitung, 9.7.1965; 10.7.1965; Neue Zürcher Zeitung, 9.7.1965)

11. Discussion of European questions between Mr. Saragat and Dr. Erhard

On 6 July 1965 Mr. Saragat, the Italian President, accompanied by Mr. Fanfani, the Italian Foreign Minister, came to Germany on a four-day state visit. The Brussels crisis and developments in Europe were the focal point of the political discussions. Both sides recalled that closer political co-operation between the partners of the Common Market was absolutely essential.

In Bonn it was emphasized that it was Italy that had taken the initiative regarding the summit conference in Venice which had failed to materialize because of the opposition of General de Gaulle. Attention was drawn to the cordial relations existing between the Federal Republic and Italy. It was also emphasized that the two countries - both importers of agricultural products - were equally interested in and concerned about agricultural questions.

At a reception at Schloss Brühl, Dr. Lübke, the Federal President, recalled Cavour's remark to Bismarck that Prussia and Piedmont shared the same interests and difficulties, and added



that this was true of Italy and Germany today. He also alluded to Dante who had launched the great theme of European peace and had been one of the first champions of European unity. Dr. Lübke thanked the Italian Government for its staunch support of Germany's vital interests, particularly on the reunification issue.

President Saragat conveyed a warm-hearted message of friendship from his people. He expressed admiration for the achievements of German technology and industry, and the hope that the international situation would develop along peaceful lines that would help the Germans to achieve national unity. The Italian President said: "What we want above all is a Europe no longer confined by outdated clannish interests but open to all European countries that are ready to accept its ideas and to make the necessary sacrifices, a Europe that will transform the alliance with the United States into a vast community of free nations."

At the talks between President Saragat and Chancellor Erhard at the Palais Schaumburg it was stressed that the EEC must be preserved at all costs. Dr. Erhard dwelt on the wide measure of agreement that had been reached in the talks. Europe - he said - needed a new impetus and "If today we are working closely together in the European Economic Community, if we wish to save it, it is also because we look ahead to another Europe, broader-based and peaceably united in a close Atlantic partnership". The work that had already been embarked upon under the Rome Treaties and that had since passed into history, had to be brought to completion. During the talks, President Saragat, too, dwelt on the close connexion that existed between European integration and Atlantic partnership. (Bulletin of the Press and Information Service of the Federal Government, Nos. 116 and 117, 8 and 9 July 1965; Frankfurter Allgemeine Zeitung, 6 and 7 July 1965)

## 12. Resolution of the European Union of Federalists of Luxembourg

On 28 June 1965, the General Assembly of the European Union of Federalists of Luxembourg passed a resolution to the effect that, in view of the threat and the problems with which Europe was faced in 1965, the political unification in a federal form of European countries enjoying similar systems of democratic freedom and united by the same civilization, remained an unescapable necessity. No policy, whether foreign or military, whose aim was to safeguard the interests of the countries of Europe, was conceivable outside the European context. It was consequently the duty of the Governments, in particular those of the six countries of the Community, to seek a way towards real political unification that

## General problems

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would lead to the early setting up of a federal government and parliament. Mere links of co-operation between States could not prevent the division of the countries of Europe and, therefore, their dependence on outside countries. In order to defend efficiently its interests and to play a peaceful part in the world, Europe had to be in a position to speak with one voice.

The European Union of Federalists denounced the revival of dangerous myths of grandeur and national independence that were coming to the front in certain countries. It invited Governments, Parliaments and political parties to proceed to the next stage in the construction of a political Europe by strengthening the powers of the European Parliament and electing its members by direct universal suffrage in accordance with Article 138, para. 3, of the Rome Treaty.

The European Union of Federalists was of the opinion that the merger of the Executives of the three European Communities which is now about to be ratified in the six national Parliaments should in no way entail a reduction in the powers of the new Community Executive. It therefore urged the Parliaments to prevent such a danger by not ratifying the merger treaty unless it was made clear that its supranational character would be maintained in accordance with the ECSC Treaty.

In conclusion, the European Union of Federalists called for the full support of all Federalists in order to bring about the necessary democratic conditions for a true political revival that would overcome the powerlessness of Governments in creating the United States of Europe. (*La Voix fédéraliste*, No. 1, 1965)

## II. ECONOMIC POLICY AND ECONOMIC SECTORS

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### Mr. Marjolin discusses economic trends in the Europe of the Six

Mr. Marjolin, Vice-President of the EEC Commission, discussed expansion and inflation in Europe in a speech to the Association of Economic Journalists delivered in Paris on 9 July 1965.

In his view, the two signs of inflation were (a) higher prices and (b) lower profits. Both these signs had appeared in France in the course of the past few years. Italy, too, suffered from inflation and, since the beginning of this year, there were also marked inflationist trends in Western Germany. The level of German imports from other EEC countries for the first quarter of 1965 was 40 per cent higher than that for the first quarter of 1964. Increased German demand for foreign products had stimulated activity in France and Italy.

In a country such as the United States, where there was still unemployment, it was possible to have expansion under conditions of stability. This could not obtain in Europe, where productive forces were practically all fully employed. The answer to the problem lay in a rational incomes policy, and it should be tackled in a practical manner "which is not often the case". It was not just a matter of ensuring that employers' and workers' organizations signed contracts which complied with incomes policy rules but rather that employers' and workers' unions should be in a position to enforce the terms of such contracts. It was doubtful whether the unions were in fact in a position to do so. Mr. Marjolin felt, however, that these difficulties should not lead to despondency.

The days when inflation stimulated investment were now over and Mr. Marjolin regarded monetary stability (which could put up with an increase of 1 to 2 per cent per annum) as the essential condition for any economic development. Fifteen years' experience had convinced him that it was always possible to revive economic activity if one was determined to do so.

Inflation in France had in fact delayed capital investment: last year German firms invested 50 per cent more than French firms. (Le Monde, 11/12 July 1965)



### III. EXTERNAL RELATIONS

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#### 1. Europe and Atlantic economic co-operation

Writing in the journal of the Dutch Industry and Trade Society ("Nederlandse Maatschappij voor Nijverheid en Handel"), Professor F. Hartog came to the conclusion that the near future did not seem too promising for Atlantic co-operation.

Economically and politically, opposition to Atlantic co-operation was stronger than support for it.

There was first the fear of American economic domination: closer western European links with the United States, would mean increased competition from American giant concerns. These often had the advantage of greater financial resistance to competition, world-wide ramifications, greater penetration power through their foreign branches (in Europe in this case) and, above all, more financial scope for research.

In Professor Hartog's opinion, the fear that Atlantic co-operation would cause a considerable increase of American investments in Western Europe (1) was hardly justified, seeing that the American share in the total capital invested in EEC industries was only 2 per cent, and even  $1\frac{1}{2}$  per cent in France. The benefit of American investment in Europe lay in the know-how provided by the American subsidiary companies. The elimination of mutual trade restrictions meant the removal of an incentive to American investment in the EEC. Moreover, the measures taken by the American Government with a view to improving the balance of payments, and the shortage of manpower in the EEC had a curbing influence on investment. On the whole, therefore, it did not seem likely that Europe would be flooded with American capital as a result of the elimination of customs barriers.

The fact that the EEC countries had an unfavourable balance in regard to patents was essentially due to large American spending on research. American per capita expenditure on research was about four times higher than that in the main European countries. Indeed, the United States was so far ahead that it would not be possible for Europe to catch up on her within the foreseeable future. Prof. Hartog felt, therefore, that the only alternative at present was to import American licences. These were not necessarily more expensive than EEC patents, American research work being often more remunerative owing to the more intensive use made of it. The American tax-payer bears part of the cost of research work carried out in some branches of industry, e.g. electronic and aeronautical engineering. Also,

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(1) These have doubled since the EEC was set up

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civil industry often benefits from military research paid by the Government. This was, in fact, a distortion of competition as far as European industry was concerned.

All these factors had various effects and they were certainly not all premonitory signs of a dominating American influence on European industry.

Prof. Hartog regarded the closing of EEC markets resulting from the common economic policy as one of the obstacles to Atlantic co-operation. Where this common policy had progressed most, i.e. in agriculture, it strongly promoted the forming of blocs. The common agricultural policy was the result of all kinds of compromises reached at the expense of third countries. The EEC was automatically driven to continental protectionism, hopelessly lacking in flexibility when mutual concessions had to be made in economic contacts with third countries. This had been apparent at the Kennedy Round negotiations.

With regard to the political aspect of the question, Prof. Hartog felt that General de Gaulle's policy was driving Great Britain into America's arms. However, as soon as Great Britain was a member of the EEC, she might well adopt the same attitude as France, for her position in Europe was far more important than that in the much wider Atlantic framework.

In the long run, the fast growth of population in the rest of the world might incite the Atlantic countries to form a closer unity in order to compensate their numerical inferiority. A military and political threat could have been a more immediate catalyst, but actual developments over recent years had taken a different turn.

A joint effort to help economically underdeveloped countries would be a practical common task for the united Atlantic world. However, up till now this had not proved a cohesive factor. Outstanding qualities would be required of the statesmen who would get us out of the present deadlock. What we needed, Prof. Hartog concluded, was a Kennedy in the United States, a Schuman in Western Europe and a Stalin in the Soviet Union. (Maatschappijbelangen, No. 8, August 1965)

## 2. European unification and relations between the EEC and EFTA

The present division of Western Europe into two separate preferential zones, i.e. the EEC and EFTA, could be prevented

"provided that the problem is tackled with realism and also with equal measures of patience and firmness". This view was expressed by Dr. Alighiero de Micheli, Representative for European economic affairs and former President, Confederation of Italian Industry, in an article published in Issue No. 4 of EFTA Bulletin.

In Dr. de Micheli's opinion, the most effective approach to a policy aimed at the economic unification of Europe was to give added power to existing institutions: "The path leading towards unification would become more arduous, if not actually impassable, if any attempt were made to render it easier by weakening or dividing the Community. On the contrary, it can be claimed that an undertaking of this magnitude, bristling with difficulties though it may be, is more likely to be brought to a satisfactory conclusion if the EEC is strong and united; strong and united, that is to say, to the point where it can act as a pole of attraction and at the same time be able to tackle the problems facing it without fear of insecurity."

"Similarly," Dr. de Micheli went on to say, "at the one time when virtually complete unification of Western Europe seemed almost within reach - I am referring to the negotiations for United Kingdom membership of the EEC - the Community was already in existence and in operation. Even the existence of EFTA, which in its very different way represents the other nucleus of European integration, is in some measure connected with the existence of the Common Market."

Dr. de Micheli felt that "the fundamental requirement is for both the EEC and EFTA to bear constantly in mind the ultimate objective of unification". In his opinion, unification "will only be possible within the Common Market framework". With this end in view, contacts should be maintained and possible institutionalized. It was necessary "to proceed in such a manner that the two economic areas may in the meantime develop, not parallel to each other, nor needless to say in opposite direction, but on convergent paths so that agreement on given problems can be made possible".

These problems could be classed in two basic categories: on the one hand problems not so much of harmonization as of minimizing differences in certain spheres of internal economic policy (e.g. in taxation, restrictive practices, and agriculture), and on the other hand, problems concerning harmonization of national policies regarding economic relations with foreign countries. The chances of making significant progress as regards the first group of problems were - one should be realistic enough to admit - slim in the extreme if one considered the difficulties that have been and are still being encountered even within the EEC itself.

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With regard to the second group of problems, agreement would seem to be possible even today: a successful outcome of the GATT tariff negotiations, by reducing existing discriminatory measures, may provide a fresh starting point for full-scale talks on unification.

These conditions were not in themselves adequate but should be regarded as necessary preliminaries before agreement could be reached. Such agreement could not come about unless the EFTA countries were willing to consider European unification not as a problem that amounts to little more than a consideration of economic values and interests, but as a more complex and profound phenomenon affecting the economic and political realities of the entire continent. (EFTA Bulletin, Vol. VI, No. 4, June 1965)

### 3. Statement by the Ministers of Agriculture of the OECD

The Ministers of Agriculture of the OECD countries met in Paris on 17 and 18 June 1965. The discussion was mainly on agricultural adjustments which had become necessary as a result of current economic trends. These adjustments, which implied setting up an economically sounder agricultural sector, based on viable and sufficiently large farming estates, were one of the main means of raising the standard of living of the farming population. In addition, these adjustments - as well as improved world agricultural markets - should gradually render agriculture less dependent on support systems and on protection against external competition. They would thus make it possible to achieve in the more developed countries an efficient production in keeping with both domestic demand and the situation and trends in the rest of the world.

The Ministers also dealt with two reports, namely "Agriculture and economic growth" and "The interdependence of agricultural supply and income problems". These reports show that agricultural production and productivity are still progressing, but that the relative part of the national product and income from the agricultural sector, as well as the proportion of farming labour in regard to total labour, were decreasing. Agriculture remained, however, an important sector in social and economic life: it contributed to development by supplying food-stuffs in abundance and at a reasonable price. It also made available to other economic sectors large resources whenever these could be used more efficiently. Furthermore, numerous industries, as well as activities connected with the provision of services (e.g. transport and the food industry) depended to



a large extent or entirely on the agricultural sector. Agricultural exports also represented in some countries the most important source of foreign currency.

The constant decrease in the number of agricultural workers would increasingly affect farm-owners and this trend would hasten the grouping together of farming estates. Unless agricultural structures were modified and provided farmers with larger and more efficient production units, the gap would widen between incomes which farmers hoped to obtain and those they actually obtained, despite support prices.

Agricultural policy should be sufficiently flexible to react to both surplus and deficit situations. By improving agricultural structures it should become easier to adjust supply to either of these situations, for farms with a large turnover were generally in a better position than small estates to determine the volume and structure of their production on a long-term basis. In addition, a continuous reduction in the number of low-income farms would render the problem of farming income less critical and give the Governments more scope for action in regard to supply by means of the price policy or through other methods.

When determining their domestic agricultural policies, countries should consider the effect of such policies on international trade. Closer co-operation between OECD countries in order to reduce differences that may exist between the national and international aspects of agricultural policies should contribute to a better development of world economy and prove beneficial to all countries, both individually and collectively.

The Ministers also acknowledged the fact that an improvement in the conditions under which international trade in agricultural products was being carried out, would contribute to strengthening the economic position of countries whose economic development depended essentially on the possibility of increasing their agricultural exports. For developing Member States, this problem would remain of vital importance until such time as other economic sectors could be developed at a faster pace. (L'Observateur de l'OECD, August 1965)

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### 4. GATT and the Common Market crisis

Under this title, the special correspondent of the "Moniteur Officiel du Commerce international" discussed the progress of the GATT tariff negotiations. These negotiations are divided into two main parts: a) the industrial part and b) the agricultural part. The latter was bound to suffer most from the present disagreement between the Six.

"Two ticklish problems arise at present from the divergence of opinions among the Six. The first problem is whether the negotiating mandate given by the Council of Ministers to the Commission will extend long enough to enable the EEC representatives in Geneva to take part in the discussions. When the appointed representatives of the Community will have to go to Brussels for further instructions, will the EEC be in a position to renew their mandate? Whilst no reply can be given to this question, it is, nevertheless, the one raised in GATT.

The other problem concerns the interval that will occur between the progress on the industrial negotiations and that on the agricultural negotiations, should the latter suffer from the Brussels crisis. The issue at stake is of importance, for the United States always make the final success in negotiations dependent upon broad agreement on agricultural products. If, for example, agreement should be reached on the industrial question in 1966, what would happen to the agricultural question? Would the United States maintain their prerequisite? If so, this would mean that there would be little chance of completing the negotiations before the expiry of the powers of the President of the United States referred to in the Trade Expansion Act. These powers remain in force until 30 June 1967 and the Government will then have to ask for their extension for a further number of years. But it will also have to be in a position to prove to Congress that substantial progress has been made in Geneva and that there is every reason to hope that general agreement - taking into account American interests - may be reached in a not too distant future. No one can forecast what the mood of Congress is likely to be. It will certainly be less favourable than at the time when President Kennedy launched his famous "Atlantic Grand Design", based in part on the Trade Expansion Act.

This means that under present circumstances it is obviously in the interest of the United States that the Community should be in a position to submit serious agricultural proposals as soon as possible. It also means that the United States do not wish, with regard to the Kennedy Round, the Brussels crisis to go on

and worsen. The American Administration realizes that as the date of expiry of the President's powers draws nearer, it will be under stronger pressure from its partners. (M.O.C.I., 21 July 1965)



P a r t   I I

PARLIAMENTARY ACTIVITIES



## I. EUROPEAN PARLIAMENT

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### Activity of the Committees in July 1965

#### Political Committee (1)

Meeting of 20 July in Brussels: Examination and adoption of the Committee's Opinion on those parts of the Eighth General Report of the EAEC Commission falling within the terms of reference of the Committee (Rapporteur: Mrs. Maria Probst). Examination and adoption of the Committee's Opinion on those parts of the Eighth General Report of the EEC Commission falling within the terms of reference of the Committee (Rapporteur: Mr. Maurice Faure). Drawing up proposals for the Standing Committee of the Parliament on the problems of increasing the powers of the Parliament in view of the forthcoming colloquy between the Parliament, the Councils of Ministers, the ECSC High Authority and the EEC and Euratom Commissions. Examination of the Committee's programme of work and the draft resolutions submitted to the Committee by Mr. Birkelbach, Mr. Dichgans and, on behalf of the Socialist Group, by Mrs. Strobel.

#### External Trade Committee (2)

Meeting of 12 July in Brussels: Discussion and adoption of a draft working document by Mr. de la Malène on those parts of the Eighth Euratom General Report that fall within the terms of reference of the Committee. The meeting was attended by representatives of the Euratom Commission. Discussion and adoption of a draft working document by Mr. Klinker on those parts of the Eighth EEC General Report that fall within the terms of reference of the Committee. The meeting was attended by representatives of the EEC Commission. Discussion with the EEC Commission on the GATT Negotiations (Kennedy Round).

#### Agricultural Committee (3)

Meeting of 9 July in Brussels: Introductory statement and exchange of views with Mr. Mansholt, Vice-President of the EEC Commission, on all the problems concerning the common agricultural policy.

Meeting of 15-16 July in Brussels: Examination and approval of a draft report by Mr. Bading on a draft directive concerning measures to prevent the introduction in Member States of harmful organisms for vegetables. Examination and approval of a draft opinion by Mr. Bading on the Eighth General Report on the Activities of the EEC Commission. Examination of a draft report by Mr. Vals on a draft regulation in respect of quality wines produced in certain regions.

Social Committee (4)

Meeting of 2 July in Brussels: Exchange of views with the Executive on the EEC Commission proposals in respect of social measures to be taken on behalf of Italian workers affected by improvement operations carried out in sulphur mines (Rapporteur: Mr. Vredeling). Examination of a draft Opinion on the social chapters of the Eighth General Report on the Activities of the EEC (Rapporteur: Mr. Krier).

Meetings of 12-16 July in Lower Saxony and Hamburg: Fact-finding and information mission on the reconversion carried out jointly by a delegation of the Social Committee and a delegation of the Economic and Financial Committee.

Internal Market Committee (5)

Meeting of 13 July in Brussels: Examination of an EEC Commission proposal to the Council for a second directive to approximate turnover tax legislation in the Member States on the basis of a standard added value taxation system; discussion attended by the EEC Commission (Rapporteur: Mr. Seuffert). Examination and adoption of a draft Opinion by Mr. Bersani on those parts of the EEC Eighth General Report within the terms of reference of the Committee; discussion attended by the EEC Commission. Examination of the reports on competition policy submitted by Mr. von der Groeben and Mr. Linthorst Homan at the June session; discussion attended by the EEC Commission and the High Authority (Rapporteur: Mr. Nederhorst).

Meeting of 27 July in Munich: Examination and adoption of a draft report by Mr. Illerhaus on a draft EEC Commission directive to introduce temporary provisions in respect of



non-wage earning activities in retail trade (Ex 612 ISIC Group) and on a directive submitted to the Council to implement freedom of establishment and freedom to supply services under this group. Resumption of the study of an EEC Commission proposal to the Council on a second directive concerning the approximation of turnover tax legislation in the Member States in respect of the structure and implementation machinery of a standard added value taxation system (Rapporteur: Mr. Seuffert).

Economic and Financial Committee (6)

Meeting of 21 July in Brussels: Examination of a draft Opinion submitted by Mr. Van Campen on those parts of the Eighth EEC General Report that fall within the terms of reference of the Committee. Examination of an Opinion submitted by Mr. Bersani to the Internal Market Committee on a directive concerning the approximation of laws in the Member States in respect of turnover tax, and of a second directive submitted by the Council with the same end in view.

Committee for Co-operation with Developing Countries (7)

Meeting of 20 July in Brussels: Examination and adoption of a draft Opinion by Mr. van Hulst on those parts of the Eighth Euratom General Report that fall within the terms of reference of the Committee. Examination and adoption of a draft Opinion by Mr. Laudrin on those parts of the Eighth EEC General Report that fall within the terms of reference of the Committee.

Transport Committee (8)

Meeting of 8 and 9 July in Munich: Appointment of Mr. Brunhes as rapporteur for the Committee's Opinion on those parts of the Eighth General Report of the EEC Commission falling within the terms of reference of that Committee. Exchange of views with the representative of the EEC Commission on the outcome of the Council meeting of 21 and 22 June and on prospects of further development.

Energy Committee (9)

Meeting of 12 July in Brussels: Examination and approval of a draft Opinion on those parts of the Eighth General Report on the Activities of the EEC Commission falling within the terms of reference of the Energy Committee (Rapporteur: Mr. Scarascia). Examination and adoption of a draft Opinion on those parts of the Eighth General Report on the Activities of the Euratom Commission falling within the terms of reference of the Energy Committee (Rapporteur: Mr. Battaglia). Statement by the Euratom Commission on the energy policy implications of the change in the five-year programme. Statement by the Euratom Commission on the industrial guidance programme (Article 40 of the Euratom Treaty).

Research and Cultural Affairs Committee (10)

Meeting of 29 July in Brussels: Examination and approval of the draft Opinion drawn up by Mr. Merten on Euratom's activities in connexion with research and dissemination of information. The meeting was attended by representatives of the Euratom Commission. Examination and approval of the draft Opinion drawn up by Mr. Schuijt on EEC's activities in connexion with research and culture. The meeting was attended by representatives of the EEC Executive.

Health Protection Committee (11)

Meeting of 19 July in Brussels: Adoption of the draft Opinions drawn up by Mr. Santero on Euratom's activities, and by Mr. Angioy on the EEC's activities in respect of industrial safety and health protection problems.

Joint EEC/Greece Parliamentary Committee

Meeting of 15 - 17 July in Berlin: Submission and discussion of the second annual report on the work of the Association Council; discussion attended by representatives of the Association Council. Examination of the second annual

report of the Association Council and of the working papers submitted by Mr. Tsouderos and Mr. Lücker. Adoption of a recommendation to be addressed to the European Parliament and to the Greek Parliament.

Joint Committee of the Parliamentary  
Conference of the Association

Meeting of 5 - 8 July in Berlin: Discussion with representatives of the Council of Association on the progress made in the first year on the Convention's implementation. Discussions with representatives of the ECSC High Authority and the Euratom Commission on the measures taken by these institutions in pursuance of Chapter VI of the Dakar Resolution. Discussion on questions concerning information on the Association in the Associated States. Examination and adoption of a draft report by Mr. Guillabert on the financial arrangements for the Conference in pursuance of Article 25 of the Rules of Procedure. Report by Mrs. Strobel on the Rules of Procedure of the Parliamentary Conference of the Association and discussion on this report. Discussion on the proposal by Mr. Carboni that a report be made on research and studies into common law in the African States and Madagascar and its relationship with statutory law. Discussion on the future working schedule of the Committee and on the date of the next annual meeting of the Conference.



## II. BENELUX INTER-PARLIAMENTARY CONSULTATIVE COUNCIL

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### The EEC crisis as seen in the Benelux countries - draft recommendation by the Benelux Inter-parliamentary Consultative Council

On 17 July a draft recommendation on the crisis in the European Economic Community was tabled by representatives of the Christian Democrat Groups of the three Benelux countries and of the Socialist and Liberal Groups in Belgium and the Netherlands. The recommendation read as follows:

"The recent crisis in the European Economic Community has created the impression that the three Benelux countries have not been of one mind either in the talks leading up to the crisis or in the attempt to find a solution. We consider that it is the responsibility and the duty of the Benelux Inter-parliamentary Consultative Council to urge the Governments of the Benelux countries to promote and preserve co-operation between our countries.

We therefore request the Council to adopt the draft recommendation quoted below which appeals to the three governments to deliberate together at all times and especially whenever such circumstances as these make it requisite and necessary":

"The Benelux Inter-parliamentary Consultative Council,

- Regrets the lack of agreement among the Benelux countries in the recent crisis in the European Economic Community and the misunderstandings to which it has given rise.
- Urges the three governments to consider what joint measures may be appropriate in order to end the crisis in the European Economic Community which is endangering the future of Europe." (Benelux Inter-parliamentary Consultative Council, Doc. 63-1)



### III. NATIONAL PARLIAMENTS

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#### Germany

#### 1. Debate on the direct election of German Members to the European Parliament

1. At its session of 20 May 1965, the Bundestag proceeded to a second and third reading of the bill tabled by Dr. Mommer and the SPD Group on the election of German Members to the European Parliament (1). The debate was based on a report by the Committee for Foreign Affairs (Third Committee) (2). The Rapporteur was Dr. Furler (CDU).

On the basis of a report by the Committee for Foreign Affairs, the Parliament also discussed the following (3): a) the FDP Group motion on parliamentary control over the European bodies (4); b) the motion tabled by some SPD Members, with the support of their Group, on the democratization of the European Communities (5); c) the motion tabled by some SPD Members, with the support of their Group, on budgetary control over the European bodies (6); d) a SPD motion on promoting European co-operation in the EEC (7). The Rapporteur in each case was Dr. Furler (CDU).

2. The bill on the election of German Members to the European Parliament (tabled by Dr. Mommer and the SPD Group).

The main purpose of the bill was to appoint as Members of the European Parliament those Members of the Bundestag that have been returned by a special ballot on the federal electoral lists on the day of the Bundestag elections; the selection to comply with the law of proportional representation (Section 2) Only candidates who also stood for election to the Bundestag would be eligible (Section 5, paragraph 2). Nominees could only be presented by political parties that were nation wide or that acquired this qualification through coalition with other parties (Section 8, paragraph 1).

(1) Bundestag, 185th Session, Document IV/2338

(2) Bundestag - Document IV/3130

(3) Bundestag - Document IV/3129

(4) Bundestag - Document IV/2091

(5) Bundestag - Document IV/2211

(6) Bundestag - Document IV/2212

(7) Bundestag - Document IV/2723

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Those candidates would be deemed elected who obtained a mandate through election by proportional representation, provided they were also elected to the Bundestag. Those elected could opt not to sit in the European Parliament and take their seat in the Bundestag instead. Acceptance of a seat in the European Parliament also entailed acceptance of a seat in the Bundestag (Section 13, paragraph 1). Similarly, a Member elected to the European Parliament would lose his seat when he ceased to be a Member of the Bundestag or if he informed the President of the Bundestag of his withdrawal from the European Parliament (Section 14).

Any seat falling vacant in the European Parliament would have to be filled through the election, with the approval of the retiring Member, of a listed candidate (Section 15). In view of the special position of Berlin, the number of thirty-six Members for West Germany would be reduced to thirty-four so that the German delegation to the European Parliament might include two Members from Land Berlin (Section 17).

In the event of its being passed by the Bundestag, the bill should come into effect for the fifth election to the Bundestag, (September 1965); when a uniform electoral procedure were drawn up in compliance with the Treaty of Rome, the bill would become void (Section 19).

3. At the Bundestag session on 20 May 1965, Dr. Furler commented on the report of the Committee for Foreign Affairs (Third Committee) which rejected the bill tabled by Dr. Mommer and the SPD Group on the election of German Members to the European Parliament. The Committee gave two reasons for this:

### a) Legal grounds

"The Assembly shall consist of delegates who shall be nominated by the representative Parliaments from among their members in accordance with the procedure laid down in each Member State." (Article 138,1 of the EEC Treaty, Article 21,1 of the ECSC Treaty and Article 108,1 of the Euratom Treaty). "Nominated" here is synonymous with "elected". Hence Membership of the European Parliament is only open to Members of national Parliaments; it is the national Parliament that elects the Members to the European Parliament. The act of election or nomination is fundamental; the procedure involved is a matter for the Member States.

The development of the inter-State or supranational assembly has shown that the appointment of Members to the European Parliament results from an indirect election by the national



Parliaments; this procedure is half way between appointment by the Government and direct election by the people. Subsequently the appointment of Members by the Government was replaced by an election ratified by the national Parliaments.

The indirect election of Members of the European Parliament through the national Parliaments of the Member States is contrary to paragraph 3 of the above-mentioned articles in the Rome Treaties which provides for "elections by direct universal suffrage". The European Parliament is accordingly "drawing up proposals for elections by direct universal suffrage in accordance with a uniform procedure in all Member States." The Council shall then "unanimously decide on the provisions which it shall recommend to Member States for adoption in accordance with their respective constitutional requirements."

In the opinion of the Foreign Affairs Committee the bill tabled (IV/2338) did not really provide for a composite procedure, i.e. the direct election of German Members to the European Parliament by universal suffrage, followed by their appointment (election) by the Bundestag. As the Bundestag was not free to nominate Members to the European Parliament but had to nominate Members elected by the people, the procedure was not a composite one; it was in fact a process of direct election. This would involve making the direct election procedure - required by the Treaty of Rome - subject to national limitations and fundamental changes in form. Such a procedure, however, is not laid down in the Rome Treaties. Upon examination, it was clear that this form of election clashed with the spirit and the letter of the Treaties. These provide for two alternatives, viz: the indirect election of delegates "by the respective Parliaments from among their members" and "elections by direct universal suffrage in accordance with a uniform procedure in all Member States". Direct elections must therefore be carried out in accordance with "a uniform procedure in all the Member States." These alternatives in the Treaties stemmed from a desire to make direct elections to the European Parliament a European Community procedure. The Report further stated that the bill was not designed to work out a procedure for indirect elections but explicitly provided a basis for the direct election of Members to the European Parliament.

Dr. Furler stated with reference to the Report submitted, that the Rome Treaties made provisions for direct elections to the European Parliament. Such direct elections implied, however, that the European Parliament would draw up suitable proposals. Proposals to this effect were drawn up in 1960 and submitted to the Council of Ministers. Yet the Treaty required that "the Council of Ministers shall unanimously decide on the provisions"; the national Parliaments also had to ratify them.

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The election proposals were before the Council of Ministers where they had encountered opposition. To date no decision had been taken and this, Dr. Furler continued, was also why direct elections should be held in one country.

### b) Political reasons

If the election were linked with elections to the Bundestag, it would lose its European character. The election day would not lead to a European decision to which considerable importance had been attached in the deliberations of the European Parliament. He referred here to Article 14,1 of the European election bill which reads: "Elections to the European Parliament shall take place on the same day in all the Member States; the date of these elections shall not coincide with that of national elections."

Dr. Furler pointed out that if this election coincided with that to the Bundestag, the dominant issues in the confrontation between the parties would be local or national ones.

It was furthermore clear that the position of the European Parliament would not be strengthened through the direct election of delegates of one or more national groups but only through an unqualified European election by universal suffrage. The position of Members of the European Parliament elected directly would be no stronger. The position and the capacities of the Members of the European Parliament had to be the same for all.

The Foreign Affairs Committee felt that the bill would create the following difficulties: a candidate who was elected to the European Parliament but not to the Bundestag, would not be able to take his seat in the European Parliament. Under the bill, the elected Member could opt not to sit in the European Parliament and take his seat in the Bundestag but not vice-versa; this illustrated the relative ineffectiveness of this method of election. It furthermore involved the risk that the purpose and political significance of elections by direct universal suffrage would be lost to the European Parliament, if the Member States proceeded along different lines.

For these reasons the Committee proposed to the Bundestag that the bill be rejected (Document IV/23388). At the same time, however, the Committee said it was in favour of general European elections being held in pursuance of the Treaty of Rome and it trusted that the German Government would adopt the relevant proposals for an electoral law.

4. The debate on this issue was opened by Dr. Mommer (SPD) who stated that despite the great difficulties encountered in uniting Europe economically, considerable progress had been made. Unfortunately, parts of European structure were still underdeveloped, namely the democratic aspects and the democratic and parliamentary substructure of the European institutions. He criticized the lack of progress on this point, especially in connexion with the powers of the European Parliament. It had to be a real Parliament and directly elected by the people or peoples of Europe it represented, in compliance with Article 138 of the EEC Treaty.

Dr. Mommer defended his proposals by pointing out that European policy had to be one of gradualism. This was axiomatic if the principle that peace was the first duty of the European were to be followed; and if the question of parliamentary rights were not to fade into oblivion. A gradualist policy was therefore necessary because at present no major decision could be carried through, in view of the fact that the Head of State of one of the six countries opposed integration. Dr. Mommer regarded the rejection of the bill by the Coalition Group as inspired by the fear of doing anything that might incur the displeasure of the French Head of State. The spokesman for the SPD regarded this as the underlying thread of the Government's policy; he further asserted that in previous years, the defence of the German standpoint and interests in opposition to the General had been too faint-hearted. "When it comes to European affairs it should be possible for us to oppose his creed - the creed of nationalism and of absolute and unrestricted sovereignty - by putting forward the European creed; we should do this as often and as pointedly as may be necessary. Although de Gaulle now stands alone in Europe he has no fear of expressing his conviction against integration, either in Europe or within the Atlantic framework."

Professor Kopf of the CDU/CSU Group pointed out that the point of direct elections to the European Parliament was that this should be a Community act. There should not be direct elections in one State only but in all Member States simultaneously. In this connexion he regretted that the Working Party of the European Parliament that had already spent a year working out a common election procedure had still not been successful in finalizing this. Individual countries were still too closely attached to their own electoral traditions and the purpose of the bill before the Bundestag was to introduce the principle of direct election to the European Parliament. He quoted Article 14 of the European Election Bill from which it was quite clear that national elections should not coincide with elections to the European Parliament. This was a desirable distinction for the special character of the Community Act had to be taken into account.

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Baron von Mühlen (FDP) returned to the proposal put forward by Dr. Mommer to the effect that a gradualist policy in European affairs should be pursued. For Germany alone to proceed to the election of its Members to the European Parliament would however be a "major stride"; in taking it, Germany would be acting out of turn.

Mrs. Strobel said on behalf of the SPD Group that the intention of her party in submitting the bill had been to couple the election of German Members to the European Parliament with elections to the Bundestag so that the electorate would be directly involved in the former. Better grounds for German Members sitting in the European Parliament were needed and at the same time an example had to be given that might accelerate the direct election of the European Parliament.

Professor Burgbacher (CDU/CSU) felt that all parties represented in the Bundestag wanted to accelerate political integration and to increase the powers of the European Parliament. Yet his Group had doubts about the SPD proposal in this connexion because the parliamentary elections involved would not tally with the electorate's idea of what a Parliament should be. He feared that when the general public came to discuss these elections they would ask "what are we electing them for, what have they got to say, what can they do?" So that this would do more harm than good.

Mr. Carstens, Secretary of State at the German Foreign Office said at the close of the debate that the Federal Government was opposed to the idea of one individual country directly electing its Members to the European Parliament. For this would mean abandoning the principle of "a uniform procedure". The German Government was nonetheless in favour of strengthening the powers of the European Parliament and would bring this matter up again after the merger of the Executives when discussing the merger of the three Communities. The motion of the SPD Group was rejected by the CDU/CSU in coalition with the FDP. (Bundestag, 3rd term 185th session, 20 May 1965)

2. Ratification of the Treaty merging the European Executives

At its session of 30 June 1965 (194th Session) the Bundestag gave a second and third reading (1) to the German Government bill concerning the Treaty of 8 April 1965 establishing a single Council and a single Commission in the European Communities (2).

The basis for the debate was a written report by the Committee for Foreign Affairs (Third Committee) (3). The Rapporteur was Dr. Furler (CDU).

During the same debate the Bundestag discussed the EEC Commission proposals of 31 March 1965 (4) on financing the agricultural policy of the European Economic Community. The basis for this debate was an oral report by the Budget Committee (Thirteenth Committee). The Rapporteur was Mr. Windelen.

Dr. Furler of the CDU/CSU and Rapporteur for the Committee for Foreign Affairs (Third Committee) stated that the merger of the Councils and Executives of the European Communities was a significant advance towards European integration. It was clear that with only one Commission in the place of three and only one Council in the place of three Councils of Ministers there would be a concentration of strength and a vigorous rationalisation of the administrative apparatus. The single Commission would have greater executive power. Dr. Furler indicated that his Group would support the bill although it regretted that the opportunity afforded by the merger to strengthen the position of the European Parliament had not been put to advantage. It was unfortunate that there had been a certain weakening in the position of the European Parliament, for as a result of the merger the President of the European Parliament lost his right to a say in regard to the budget of the Coal and Steel Community. It was true that hitherto the President could not force the budget through but he could impose a veto. The ECSC budget could not be passed without the approval of the President of the European Parliament. This had been struck out and it had been suggested that the Parliament would now have the opportunity to discuss the common budget and play its part in this way. This form of co-operation, however, carried no legal obligation;

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(1) First reading, 189th Session

(2) Bundestag Publication IV/3530

(3) Bundestag Publication IV/3635

(4) Bundestag Publications IV/3313 and 3665

it was merely a consultative function. Dr. Furler said that he was convinced that his arguments were sound. There had been a long struggle to persuade others but it had been unsuccessful.

Mr. Wehner (SPD) referring to what the previous speaker had said, spoke of a definite deterioration in the position of the Parliament through its losing one of its basic rights. It had to agree to this if it were not to wreck the whole undertaking. He described this as a strange situation for the wholly inadequate powers of the Parliament were now being diminished instead of being increased. While the Social Democrat Group of the Bundestag would support the bill and endorse the report and the resolution appended thereto, it felt, nevertheless, that one of the unfortunate results of the merger would be that the Secretary of State and other Members of the Executive would have much more power than the representatives of the people, who had themselves agreed to having even less to say. This was particularly deplorable since the undertaking was a Community one in which, through the unification of Europe, freedom, law, democracy and parliament should be strengthened and brought into sharper focus.

Mr. Rademacher of the FDP referred to the point that after the merger of the three bodies "only one voice would be heard". On the basis of the experience of the European Parliament he considered this dubious. He felt that as long as the decisive step - merging the Treaties - were not actually taken, it was hardly to be expected that the Commission or the Council would be able to speak with one voice for all three bodies. Mr. Rademacher found it extraordinary that a special group had grown up in the European Parliament that constituted an opposition in itself. There had been to begin with three Groups in the European Parliament, each of which comprised Members from all the six countries. Then a national group - the Gaullists - had sprung up as a result of a rather extraordinary "adjustment" in Paris. He asked whether it were consistent with the spirit and sense of European integration for the European Parliament to have in its midst such national groups.

Mr. Illerhaus (CDU/CSU) also expressed his regret that the opportunity afforded by the merger of the Executives had not been seized upon to strengthen the powers of the European Parliament. The merger had been welcomed by all Member States but it had created enormous difficulties. He referred to the question of the seat, the question of Luxembourg; etc. All those who advocated stronger powers for the European Parliament asked whether they should endorse the merger of the Executives, since it would be impossible on this occasion to strengthen the powers of the Parliament? All the groups had regretted that the powers of the Parliament had not been strengthened, yet it was generally agreed

that the merger of the Executives should not be held up because of this. Mr. Illerhaus described the merger of the Executives as a first step towards a merger of the Communities. Replying to Mr. Rademacher, he said that the new Executive should have the task of preparing a merger of the Communities and of the Treaties. He added: "If we hope to achieve this in a few years' time then the Federal Government and, indeed, all of us - in my opinion - should realize that it would be the very last opportunity, I repeat, the very last opportunity, to increase the powers of the European Parliament."

Mr. Carstens, Secretary of State for Foreign Affairs, said that the attitude of the Federal Government on the question of strengthening the powers of the European Parliament was quite unequivocal. For years it had been the German Government that had focused attention on this problem and its solution. He recalled that during the Treaty negotiations from 1955-1957 the German delegation had done all in its power to place the European Parliament in a strong position. He agreed with previous speakers that two opportunities would arise when it might be possible to strengthen the powers of the Parliament: a) when the Community had independent revenues and b) when the merger of the Communities themselves were tackled. "These would provide the only opportunities for pressing for stronger powers for the European Parliament and the German Government was ready and prepared to do this." Merging the Executives of the European Communities was an important step; it involved no fundamental change in the situation but it was a rationalisation that would strengthen the European Communities.

The Bundestag passed the bill, with one vote against.

The Bundesrat debated the bill on the Treaty of 8 April 1965 establishing a single Council and a single Commission in the European Communities (1) on 4 June 1965 (Rapporteur: Mr. Lemmer).

The discussion in the Bundesrat was used mainly as an opportunity to reiterate the desire of that body to be represented on the Council of Europe and in the European Parliament. The bill was passed unanimously by the Bundesrat on 16 July 1965. (Bundestag, 194th Session, 30 June 1965; Bundesrat, 283rd Session, 4 June 1965)

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(1) Bundesrat Publication 253/65

Netherlands

Statement by Mr. Luns to the First Chamber of the States-General

In a note issued on 16 July in connexion with the final report of the Rapporteurs' Committee dealing with the Foreign Affairs appropriation in the Dutch budget (Section V) for the current financial year, Mr. Luns stated that the EEC Council of Ministers' session of 28 and 30 June and the measures subsequently taken by the French Government had given rise to a situation fraught with difficulties. There was therefore neither virtue nor value in subjecting to detailed analysis the attitudes adopted by the Netherlands and the other Member States.

As to whether economic integration could proceed without agreement being reached on specific political issues, Mr. Luns said that this was not a new problem. His view was that even serious disagreement on external or defence policy need not necessarily hold in check the growth of the Common Market.

The de facto solidarity envisioned by the authors of the Treaties of Rome was furthermore becoming a reality and there had been so many shifts in the European focus that no Member State could afford not to recognize their far-reaching implications.

This was why Mr. Luns said he had always emphatically disputed the contention that the Common Market would remain unfinished unless and until the right political conditions obtained; the Treaty, he added, had made no reference to any such conditions.

These factors were indeed operative when it came to assessing how far disagreement as to the nature and aims of European co-operation could affect the growth of the EEC. It could not be denied that such disagreements were of long standing or that their root cause was the diffidence of the French Government about the principles and objectives underlying the Treaties of Paris and Rome. To date, co-operation had not suffered unduly from such disagreements - proof that the edifice built on the Treaties was a house for all seasons. The current crisis, touched off by the question of financing the common agricultural policy, might be read to mean that we were confronted with an entirely new situation where the machinery of the Treaties and the decision-taking procedures



that followed from them fell short when it came to smoothing over the clash of opinions. But the Dutch Government felt it would be premature to draw such a conclusion. It still believed a solution could be found to the question of financing the common agricultural policy and the problems of independent revenues and parliamentary control and that the Community would be able to resume its forward progress. (First Chamber of the States-General, 1964-65, Session No. 110)